

# THE AMERICAN ECONOMIC REVIEW

VOLUME LI

## BOARD OF EDITORS

RENDIGS FELS

ARNOLD C. HARBERGER

ALFRED E. KAHN

JOSEPH A. PECHMAN

MELVIN W. REDER

TIBOR SCITOVSKY

ROBERT SOLOW

WOLFGANG F. STOLPER

## MANAGING EDITOR

BERNARD F. HALEY

THE AMERICAN ECONOMIC ASSOCIATION

Executive Office: Evanston, Illinois

Editorial Office: Stanford University, Stanford, California

THE AMERICAN  
ECONOMIC REVIEW

Copyright 1961  
AMERICAN ECONOMIC ASSOCIATION

## CONTENTS

### ARTICLES:

Agriculture, The Role of, in Economic Development .....	B. F. JOHNSTON AND J. W. MELLOR .....	566
The American Baby Boom in Historical Perspective .....	R. A. EASTERLIN .....	869
Comparative Advantage and Development Policy .....	H. B. CHENERY .....	18
Earnings-Price Ratios of Corporate Equities, Variability in .....	HASKEL BENISHAY .....	81
Economic Development, A Theory of .....	GUSTAV RANIS AND J. C. H. FEI .....	533
Industrial Price Control, Problems and Possibilities of: Postwar French Experience .....	JOHN SHEAHAN .....	345
Investment in Human Capital .....	T. W. SCHULTZ .....	1
Labor Supply, The Cyclical Sensitivity of .....	W. L. HANSEN .....	299
Marginal Efficiency Function, The Elasticity of .....	LORIE TARSHIS .....	958
Karl Marx and Soviet National Income Theory .....	VACLAV HOLESOVSKY .....	325
Money, The Role of, in Trade-Balance Stability: Synthesis of the Elasticity and Absorption Approaches .....	S. C. TSIANG .....	912
The Political Economy Club: A Neglected Episode in American Economic Thought .....	A. W. COATS .....	624
Prices of Consumers' and Capital Goods, Differential Changes in .....	R. A. GORDON .....	937
Residential Construction, The Short Cycle in, 1946-59 .....	J. M. GUTTENTAG .....	275
The Size Structure of the Largest Industrial Firms 1909-1958 .....	N. R. COLLINS AND L. E. PRESTON .....	986
Spot and Futures Prices, The Simultaneous Determination of .....	J. L. STEIN .....	1012
Stochastic Reserve Losses and Expansion of Bank Credit .....	DANIEL ORR AND W. G. MEL- LON .....	614
Tariff Changes, Effect of on the Prices and Volume of Imports .....	M. E. KREININ .....	310
Tight Money, The Differential Effects of .....	G. L. BACH AND C. J. HUIZENGA .....	52
Welfare Criteria for External Effects .....	E. J. MISHAN .....	594

### REVIEW ARTICLES:

Equilibrium Growth Models .....	JOAN ROBINSON .....	360
Financial Intermediaries and the Logical Structure of Monetary Theory .....	DON PATINKIN .....	95

### COMMUNICATIONS:

Accumulation, The Golden Rule of: A Fable for Growthmen .....	EDMUND PHELPS .....	638
The Bethlehem-Youngstown Case and the Market-Share Criterion .....	L. S. KEYES .....	643
Contributors to Three Professional Journals, Institutional Affiliation of the .....	P. A. YOTOPOULOS .....	665

Elementary Course, Measuring the Success of the:	
Comment .....	G. E. ROCKWOOD AND R. B. HARSHBARGER ..... 144
Reply .....	S. N. WHITNEY ..... 147
Comment .....	RENDIGS FELS ..... 1044
Foreign Exchange Guarantees and the Dollar .....	S. T. BEZA AND GARDNER PATTERSON ..... 381
"Growth," Some Comments on .....	H. H. VILLARD ..... 123
Hospitalization Insurance and Hospital Utilization .....	B. A. WEISBROD AND B. J. FIESLER ..... 126
Industrial Growth, Patterns of: Comment .....	BELA BALASSA ..... 394
Investment in Human Capital: Comment .....	H. G. SHAFFER ..... 1026
Reply .....	T. W. SCHULTE ..... 1035
Optimum Currency Areas, A Theory of .....	R. A. MUNDELL ..... 657
Price Flexibility, A Model of: Comment .....	W. J. YORDON, JR. .... 390
Reply .....	J. V. YANCE ..... 392
Public Debt, The Burden of the: Comment .....	WILLIAM VICKREY ..... 132
Comment .....	TIDOR SCITOVSKY ..... 137
Comment .....	J. R. ELLIOTT ..... 139
Reply .....	W. G. BOWEN, R. G. DAVIS AND D. H. KOPF ..... 141
Research, Invention, Development and Innovation .....	EDWARD AMES ..... 370
Revaluation of the Ruble, The Reform and .....	MORRIS BORNSTEIN ..... 117
Tight Money, The Differential Effects of:	
Comment .....	DEANE CARSON ..... 1039
Reply .....	G. L. BACH AND C. J. HUIZENGA ..... 1042
The Wellesley Undergraduate Tutorial .....	R. V. CLEMENCE ..... 385
Windfall Income and Consumption—Additional Evidence .....	M. E. KREININ ..... 388

## REVIEWS OF BOOKS

ABBOTT, Economics and the Modern World, by F. W. Gery .....	153
ACKLEY, Macroeconomic Theory, by D. M. Wright .....	702
ADLER, Recursos financieros y reales para el desarrollo, by J. Grunwald .....	1078
AMINOV, Ekonomicheskoye razvitiye Sredney Azii (The Economic Development of Central Asia), by A. Kahan .....	176
ASCHHEIM, Techniques of Monetary Control, by L. S. Ritter .....	736
ASHWORTH, An Economic History of England 1870-1939, by J. R. T. Hughes .....	1087
BALASSA, The Hungarian Experience in Economic Planning, by E. Ames .....	178
BATOR, The Question of Government Spending—Public Needs and Private Wants, by G. F. BREAK .....	208
BAUMOL, Economic Theory and Operations Analysis, by W. C. Hood .....	687
BAYER, EDITOR, Wirtschaftsprognose und Wirtschaftsgestaltung, by S. Wasowski .....	421
BENOIT, Europe at Sixes and Sevens—The Common Market, The Free Trade Association and the United States, by W. J. R. Woodley .....	1111
BENSUSAN-BUTT, On Economic Growth—An Essay in Pure Theory, by E. D. Domar .....	1062
BERMAN et al., Projection of a Metropolis: Technical Supplement to the New York Metropolitan Region Study, by F. Shaw .....	433
BERNSTEIN, The Lean Years—A History of the American Worker, 1920-1933, by J. P. Goldberg .....	480
BETTELHEIM, Studies in the Theory of Planning, by G. Rosen .....	731
BLACK, The Diplomacy of Economic Development, by J. D. DeForest .....	445
BÖHM AND WILLE, Direct Costing und Programmplanung, by E. M. Fels .....	1112
BOETTCHER, Die sowjetische Wirtschaftspolitik am Scheidewege, by N. Spulber ..	184
BOLINO, The Development of the American Economy, by R. B. Sheridan .....	1086
BOMBACH, EDITOR, Stabile Preise in wachsender Wirtschaft: Das Inflationsproblem, by F. Machlup .....	1058
BONBRIGHT, Principles of Public Utility Rates, by E. Schenker .....	769

BORKAR, Public Finance and Full Employment with Special Reference to Underdeveloped Areas, by C. L. Harriss .....	205
BOULDING AND SPIVEY, Linear Programming and the Theory of the Firm, by H. Demsetz .....	685
BOWEN, Wage Behavior in the Postwar World, An Empirical Analysis, by R. J. Lampman .....	695
BRENNAN, Preface to Econometrics, by A. C. Chiang .....	192
BROWN, Introduction to the World Economy, by J. D. DeForest .....	216
BRY, Wages in Germany, 1871-1945, by K. R. Petshek .....	1120
BUCHANAN, The Public Finances: An Introductory Textbook, by H. E. Brazer ..	751
BUTLER, Labor Economics and Institutions, by E. F. Cheit .....	1126
CARTER AND SNAVELY, Intermediate Economic Analysis, by S. Schoeffler .....	1071
CAULEY, Public Finance and the General Welfare, by M. H. Gillim .....	466
CHELLIAH, Fiscal Policy in Underdeveloped Countries—with Special Reference to India, by C. L. Harriss .....	205
CHENERY AND CLARK, Interindustry Economics, by T. M. Whitin .....	160
CLARK, The Wage-Price Problem, by J. A. Pechman .....	198
CONANT, Antitrust in the Motion Picture Industry, by H. M. Gray .....	225
COPELAND, Trends in Government Financing, by B. U. Ratchford .....	748
CREAMER, DOBROVOLSKY AND BORENSTEIN, Capital in Manufacturing and Mining: Its Formation and Financing, by J. M. Mattila .....	763
CROSSER, State Capitalism in the Economy of the United States, by F. Sethur .....	453
CSIKOS-NAGY, Problemy tseonoobrazovania i politika tsen (Problems of Price Formation and Price Policy), by V. Holubnychy .....	1093
DACEY, Money Under Review, by A. R. Sweezy .....	737
DE BODT, Critique économique du prix de revient industriel, by J. H. Dalton .....	222
DEBREU, Theory of Value—An Axiomatic Analysis of Economic Equilibrium, by L. Hurwicz .....	414
DISCHAMPS, Comportements économiques et distorsions fiscales, by J. F. Due .....	746
DOBB, An Essay on Economic Growth and Planning, by G. M. Meier .....	715
DORFMAN AND TUGWELL, Early American Policy—Six Columbia Contributors, by A. W. Coats .....	169
DUERR, Fundamentals of Forestry Economics, by W. J. Mead .....	771
DUNLOP, EDITOR, Potentials of the American Economy—Selected Essays of Sumner H. Slichter, by C. L. Christenson .....	671
ERDMAN AND ROGGE, Die Europäische Wirtschaftsgemeinschaft und die Drittländer, by R. R. Rhomberg .....	213
ERLICH, The Soviet Industrialization Debate, 1924-1928, by B. Shoul .....	1082
EVELY AND LITTLE, Concentration in British Industry, by S. N. Whitney .....	222
FELLNER, Emergence and Content of Modern Economic Analysis, by K. D. Roose .....	428
FELS, Challenge to the American Economy, by K. A. Knopf .....	1047
FERRARI, Politica monetaria—evoluzione e aspetti odierni, by F. M. Tamagna .....	739
FIRESTONE, Marginal Aspects of Management Practices, by E. O. Edwards .....	218
FLORENCE, Ownership, Control and Success of Large Companies: An Analysis of English Industrial Structure and Policy, 1936-1951, by R. W. Mayer .....	1115
FOO, Industrial Pricing Policies: An Analysis of Pricing Policies of Danish Manufacturers, by H. H. Hines .....	425
GALENSON, The CIO Challenge to the AFL, by J. Shister .....	232
GHOSH, Inflation in an Underdeveloped Economy: A Study of Inflation in India, by W. D. Weatherford .....	180
GHOSH, Trade Unionism in Underdeveloped Countries, by E. Rosenbaum .....	235
GOLDBERGER, Impact Multipliers and the Dynamic Properties of the Klein-Goldberger Model, by R. S. Eckaus .....	183
GOODRICH, Government Promotion of American Canals and Railroads 1800-1890, by J. E. Sawyer .....	227
GREENHUT, Full Employment, Inflation, and Common Stock, by R. W. Lindholm .....	781
GREENHUT AND JACKSON, Intermediate Income and Growth Theory, by R. S. Weckstein .....	1072

GROSSEMAN, Soviet Statistics of Physical Output of Industrial Commodities, Their Compilation and Quality, by A. P. Ruderman .....	189
—, EDITOR, Value and Plan—Economic Calculation and Organization in East- ern Europe, by W. W. Eason .....	196
GROSSMANN, Die wirtschaftliche Entwicklung der Volksrepublik China, by E. Lengyel .....	440
GURLEY AND SHAW, Money in a Theory of Finance, by D. Patinkin (a review article) .....	95
HAAVELMO, A Study in the Theory of Investment, by J. A. Stockfish .....	1064
HAINES, Money, Prices, and Policy, by H. S. Gordan .....	742
HALL, Fiscal Policy for Stable Growth, by F. M. Bator .....	749
HAMBERG, Principles of a Growing Economy, by J. K. Messing .....	679
HANSEN, Economic Issues of the 1960's, by M. J. Ulmer .....	404
HARBERGER, EDITOR, The Demand for Durable Goods, by E. Kuh .....	164
HARRIS, EDITOR, American Economic History, by H. J. Cranmer .....	1076
HARRIS, Higher Education in the United States, The Economic Problems, by E. W. Lawson .....	484
HARRISS, Money and Banking, by E. W. Lawson .....	1102
HARTOG, Het economische Wereldbestel (The Economic World Order), by W. Gorter .....	760
HAZLITT, What You Should Know About Inflation, by H. L. Miller, Jr. ....	456
HAZLITT, EDITOR, The Critics of Keynesian Economics, by D. Dillard .....	423
HENDERSON, National Income—Statics and Dynamics, by V. C. Heck .....	1074
HENEMAN AND OTHERS, EDITORS, Employment Relations Research—A Summary and Appraisal, by I. Bernstein .....	237
HICKMAN, Growth and Stability of the Postwar Economy, by S. G. Triantis .....	1066
HICKS, Development from Below: Local Government and Finance in Developing Countries of the Commonwealth, by H. P. Wald .....	1103
HIRSCHLEIFER, DeHAVEN AND MILLIMAN, Water Supply, Economic Technology and Policy, by O. Eckstein .....	472
HIRSCHMAN, EDITOR, Latin American Issues—Essays and Comments, by T. A. Sumberg .....	1080
HITCH AND MCKEAN, The Economics of Defense in the Nuclear Age, by H. J. Barnett .....	681
HOCHWALD, STRINER AND SONENBLUM, Local Impact of Foreign Trade, a Study in Methods of Local Economic Accounting, by D. D. Humphrey .....	757
HOLT, MODIGLIANI, MUTH AND SIMON, Planning Production, Inventories, and Work Force, by H. M. Wagner .....	697
HORSEFIELD, British Monetary Experiments, 1650-1710, by R. B. Sheridan .....	200
HOSELITZ, Sociological Aspects of Economic Growth, by E. E. Hagen .....	435
HOSELITZ AND OTHERS, Theories of Economic Growth, by E. Marcus .....	713
IMBERT, Des mouvements de longue durée Kondratieff, by G. Garvy .....	1096
ISARD AND ASSOC., Methods of Regional Analysis: An Introduction to Regional Science, by C. C. Bloom .....	431
ISE, Our National Park Policy: A Critical History, by E. N. Castle .....	1117
ISLAM, Foreign Capital and Economic Development: Japan, India, and Canada, by D. M. Wright .....	441
JOCHIMSEN, Ansatzpunkte der Wohlstandsökonomik, by W. Froehlich .....	1068
JOHANSEN, A Multi-Sectoral Study of Economic Growth, by A. S. Goldberger .....	436
JOHNSTON, Statistical Cost Analysis, by C. A. Smith .....	417
KAHN, Personal Deductions in the Federal Income Tax, by R. L. Slighton .....	463
KALDOR, Essays on Value and Distribution, by W. J. Baumol .....	409
—, Essays on Economic Stability and Growth, by W. J. Baumol .....	409
KARLIN, Mathematical Methods and Theory in Games, Programming and Economics. Vol. I, Matrix Games, Programming and Mathematical Economics. Vol. II, The Theory of Infinite Games, by O. Morgenstern .....	406
KATKOFF, Soviet Economy, 1940-1965, by R. Gibson .....	730
KATONA, The Powerful Consumer—Psychological Studies of the American Economy, by M. G. Reid .....	163



KENEN, British Monetary Policy and the Balance of Payments 1951-57, by E. Zupnick .....	756
KERR, DUNLOP, HARRISON AND MYERS, Industrialism and Industrial Man, by N. W. Chamberlain .....	475
KHACHATUROV, EDITOR, Ekonomicheskaya effektivnost kapital'nykh vlozhenii i novoi tekhniki (The Economic Effectiveness of Capital Investment and New Technology), by R. W. Judy .....	193
KIESEWETTER, Der Ostblock, Vol. II—Aussenhandel des östlichen Wirtschaftsblockes einschliesslich China, by H. Mendershausen .....	728
KILLOUGH, H. B. AND KILLOUGH, L. W., International Economics, by K. J. Rothwell .....	216
KIRZNER, The Economic Point of View, by W. D. Grampp .....	170
KLATT, Zur Theorie der Industrialisierung, by B. F. Hoselitz .....	175
KNOFF AND STAUSS, EDITORS, The Teaching of Elementary Economics, by R. L. Darcy .....	676
KOZLOV AND PERVUSHIN, EDITORS, Kratkii ekonomicheskii slovar (Short Economic Dictionary), by I. Avakumovic .....	153
KRAUSE, Economic Development—The Underdeveloped World and the American Interest, by J. D. DeForest .....	717
KRÜGER, Der Ostblock, Vol. I—Die Produktion des östlichen Wirtschaftsblockes einschliesslich China nach dem Schwerpunktprogramm, by H. Mendershausen ..	728
KURSKIY, Ekonomicheskiye osnovy narodnokhozyaystvennogo planirovaniya v SSSR (Economics of National Economic Planning in the USSR), by T. Sosnovy ..	186
KUZNETS, Six Lectures on Economic Growth, by H. Leibenstein .....	171
LAMBERT, Les inflations sud-américaines: inflation de sous-développement et inflation de croissance, by M. G. Myers .....	442
LANDAUER, European Socialism—a History of Ideas and Movements from the Industrial Revolution to Hitler's Seizure of Power, by M. H. Dobb .....	446
LANGE, Essays on Economic Planning, by R. Varma .....	734
LEIBENSTEIN, Economic Theory and Organizational Analysis, by R. W. Pfouts ..	161
LEVIN, Broadcast Regulation and Joint Ownership of Media, by P. O. Steiner ..	471
LEVY, Income Tax Exemptions, by R. L. Slighton .....	463
LONG, Wages and Earnings in the United States 1860-1890, by W. Galenson .....	233
LYON, Investment Portfolio Management in the Commercial Bank, by A. F. Brimmer .....	1100
MACHLUP, Der Wettstreit zwischen Mikro- und Makrotheorien in der National-ökonomie, by A. Lowe .....	151
MALENBAUM, East and West in India's Development, by A. Basch .....	181
MARGET AND TRIFFIN, Los pagos internacionales y la política monetaria, by O. Herschman .....	1109
MARQUARDT AND STRIGEL, Der Konjunkturtest—Eine neue Methode der Wirtschaftsbeobachtung, by L. Bosse .....	199
MARTIN, Mergers and the Clayton Act, by J. B. Hendry .....	469
MAURICE, Les théories modernes de l'exploitation du travail, by G. Grosschmid ..	777
MCCONNELL, Elementary Economics: Principles, Problems, and Policies, by S. E. Butler .....	155
MEADE, A Neo-Classical Theory of Economic Growth, by J. Robinson (a review article) .....	360
MEHTA, Lectures on Modern Economic Theory, by D. V. Plantz .....	408
MESTMÄKER, EDITOR, Franz Böhm: Reden und Schriften, by R. C. Bernhard .....	1046
MICHAL, Central Planning in Czechoslovakia, by P. J. Meier .....	454
MIRABELLA, Política monetaria, by W. G. Welk .....	202
MOORE, EDITOR, Business Cycle Indicators, by M. Bronfenbrenner .....	1094
MOORE AND FELDMAN, EDITORS, Labor Commitment and Social Change in Developing Areas, by S. C. Sufrin .....	775
MORRIS, Fundamentals of Economics, by J. E. Maher .....	1049
NELSON, EDITOR, Economic Growth—Rationale, Problems, Cases, by C. E. Staley ..	722
NEUBAUER, Finanzreform, by J. Hauptmann .....	460

NEUNER, The Natural Gas Industry: Monopoly and Competition in Field Markets, by I. M. Stelzer .....	765
NORTH, The Economic Growth of the United States, 1790-1860, by H. G. Shaffer ..	708
NORTON AND JACOBV, Bank Deposits and Legal Reserve Requirements, by L. V. Conway .....	458
PERLOFF AND OTHERS, Regions, Resources, and Economic Growth, by M. E. Garmsey .....	724
PRUTS, EDITOR, Essays in Economics and Econometrics—a Volume in Honor of Harold Hotelling, by A. A. Alchian .....	157
POWELSON, National Income and Flow-of-Funds Analysis, by E. C. Budd .....	704
RÄDLER, Die direkten Steuern der Kapitalgesellschaften und die Probleme der Steueranpassung in den sechs Staaten der europäischen Wirtschaftsgemeinschaft, by F. K. Mann .....	1106
RAMANADHAM, Problems of Public Enterprise—Thoughts on British Experience, by E. K. Zingler .....	229
REES, Real Wages in Manufacturing 1890-1914, by S. Lebergott .....	773
RICHARDSON, Information and Investment: A Study in the Working of the Competitive Economy, by J. H. Power .....	761
ROBINSON, Collected Economic Papers, Volume 2, by M. Bronfenbrenner .....	413
——, Exercises in Economic Analysis, by R. Clower .....	701
ROBINSON, EDITOR, The Economic Consequences of the Size of Nations, by G. H. Mattersdorff .....	467
SALANT AND VACCARA, Import Liberalization and Employment, by M. Kreinin ....	1107
SALTER, Productivity and Technical Change, by V. E. Smith .....	159
SARACENO, Iniziativa privata e azione pubblica nei piani di sviluppo economico, by G. H. Hildebrand .....	173
SCHELLING, The Strategy of Conflict, by R. L. Bishop .....	674
SCHLESINGER, The Political Economy of National Security, by J. A. Kershaw ..	150
SCHURR AND NETSCHERT, Energy in the American Economy, 1850-1975; Its History and Prospects, by L. G. Hines .....	1116
SEGAL, Wages in the Metropolis—Their Influence on the Location of Industries in the New York Region, by F. Shaw .....	234
SELLIER, Stratégie de la lutte sociale: France 1936-1960, by E. Berg .....	1124
SEN, Choice of Techniques: An Aspect of the Theory of Planned Economic Development, by C. W. Howe .....	720
SEREBRYAKOV, EDITOR, <i>Ekonomika sovetskoi torgovli, Uchebnoe posobie</i> (The Economics of Soviet Trade—A Textbook), by M. C. Kaser .....	220
SHONFIELD, The Attack on World Poverty, by J. D. DeForest .....	438
SHUBIN, Managerial and Industrial Economics, by D. J. Hart .....	1113
SIEGEL, Aggregate Economics and Public Policy, by J. W. Kendrick .....	430
SIEGEL AND FOURAKER, Bargaining and Group Decision Making: Experiments in Bilateral Monopoly, by D. Ellsberg .....	420
SIRKIN, Introduction to Macroeconomic Theory, by D. A. Baerncopf .....	1075
SMITH, Federal Tax Reform, by C. W. Macy .....	1105
SOHMEN, Flexible Exchange Rates—Theory and Controversy, by S. Spiegelglas ..	753
SOLOMON AND BILIJIA, Metropolitan Chicago—an Economic Analysis, by L. C. Fitch .....	187
SOMERS AND SOMERS, Doctors, Patients, and Health Insurance, by M. Roberts ...	1129
SPENCER, India: Mixed Enterprise and Western Business, by D. Thorner .....	446
SPIEGELMAN, Ensuring Medical Care for the Aged, by W. Haber .....	485
SRAFFA, Production of Commodities by Means of Commodities, by M. W. Reder ..	688
STIEBER, The Steel Industry Wage Structure—A Study of the Joint Union-Management Job Evaluation Program in the Basic Steel Industry, by S. Barkin ....	1118
STOLPER, The Structure of the East German Economy, by A. S. Becker .....	726
STROZE AND MALINVAUD, EDITORS, <i>Econometrica</i> Essays in Honor of Ragnar Frisch, by M. Nerlove .....	402
SYLOS-LABINI, Economie capitalistiche ed economie pianificate, by B. Foa .....	451
TAMAMES, Estructura económica de España, by J. Hein .....	1085
TAYLOR, A History of Economic Thought, by G. J. Stigler .....	426



——, The Classical Liberalism, Marxism, and the Twentieth Century, by K. E. Boulding .....	168
TRESCOTT, Money, Banking, and Economic Welfare, by P. G. Darling .....	203
TRIFFIN, Gold and the Dollar Crisis—the Future of Convertibility, by P. T. Ellsworth .....	210
TRIPP, Labor Problems and Processes, by T. Wolfson .....	1127
TSURU, EDITOR, Has Capitalism Changed? An International Symposium on the Nature of Contemporary Capitalism, by M. E. Dimock .....	1091
TURVEY, Interest Rates and Asset Prices, by S. Weintraub .....	699
UHR, Economic Doctrines of Knut Wicksell, by J. F. Bell .....	427
URQUIDI, Trayectoria del mercado común latinoamericano, by C. M. Flumiani ..	214
VALAVANIS, Econometrics—An Introduction to Maximum Likelihood Methods, by H. UZAWA .....	190
VERNON, Metropolis 1985—An Interpretation of the Findings of the New York Metropolitan Region Study, by F. Shaw .....	433
VILLAFUERTE, Ferrocarriles, by R. J. Alexander .....	230
WATSON, Economic Policy: Business and Government, by B. A. Kemp .....	767
WEINTRAUB, Classical Keynesianism, Monetary Theory, and the Price Level, by P. W. Cartwright .....	1056
WERNETTE, Growth and Prosperity Without Inflation, by M. O. Clement .....	1069
WHETHAM, The Economic Background to Agricultural Policy, by E. Feder .....	474
WILSON, Inflation, by M. Friedman .....	1051
Aspectos Monetarios de las Economías Latinoamericanas, 1959, by H. G. Aubrey ..	461
Collective Bargaining in the Basic Steel Industry, by V. D. Kennedy .....	776
Demographic and Economic Change in Developed Countries—a Conference of the Universities—National Bureau Committee for Economic Research, by S. H. Coontz .....	779
The Federal Reserve System, Purposes and Functions, 4th ed., by C. A. Matthews ..	741
Encyclopédie française. Vol. 9, L'univers économique et social, by J. Solterer ....	398
Government Price Statistics. Pt. I, Hearings before and Report of the Subcommittee on Economic Statistics to the Joint Economic Committee, by A. E. Pierce ....	1089
1960 Survey of Consumer Finances, by J. L. Weston .....	1098
Ocherki po istorii narodnogo khoziaistva SSSR (Essays in the Economic History of the USSR), by G. J. Novak .....	710
Population Redistribution and Economic Growth, United States, 1870-1950. Vol. I, Methodological Considerations and Reference Tables. Vol. II, Analyses of Economic Change, by M. S. Gordon .....	482
Proceedings, International Conference on Control of Restrictive Business Practices, by M. S. Baratz .....	224
Public Finances: Needs, Sources and Utilization, by K. E. Poole .....	744
Trends in the American Economy in the Nineteenth Century. National Bureau of Economic Research, Studies in Income and Wealth, Volume XXIV, by C. Goodrich .....	706

# PAPERS AND PROCEEDINGS

## (In May 1961 Number)

### ANTITRUST PROBLEMS

The Antimerger Act, 1950-60 .....	M. A. ADELMAN .....	236
Policy Implications of the Theory of Interfirm Organization .....	A. PHILLIPS .....	245
Mergers and Cartels: Some Reservations about Policy .....	D. DEWEY .....	255
Discussion by J. W. McKIE, R. E. SLEBINGER, J. B. COHEN .....		263

### THE BALANCE OF PAYMENTS OF THE UNITED STATES: PROBLEMS AND PROSPECTS

Disturbances and Adjustments in Recent U. S. Balance-of-Payments Experience .....	H. B. LARY .....	417
Unbalanced International Accounts: Diagnosis and Therapy .....	J. H. FURTH .....	430
The Adequacy of United States Gold Reserves .....	E. M. BERNSTEIN .....	439
Discussion by J. BURTLE, P. B. KENEN, J. VANEK .....		447

### CAPITAL THEORY

Capital Theory and Some Theoretical Problems in Development Planning .....	O. ECKSTEIN .....	92
Some Theoretical Aspects of Capital Measurement .....	J. W. KENDRICK .....	102
Risk, the Discount Rate, and Investment Deci- sions .....	J. HIRSHLEIFER .....	112
Discussion by F. M. BATOR, V. L. SMITH, Z. GRILICHES .....		121

### DISTRIBUTION COSTS: CONCEPTS AND MEASURES

How Much Does It Pay Whom to Advertise? .....	L. G. TELSER .....	194
Scale, Specialization, and Costs in Retailing .....	R. H. HOLTON .....	206
An Interpretation of Changes in Agricultural Mar- keting Costs .....	F. V. WAUGH AND K. E. OGREN .....	213
Discussion by W. J. BILKEY, R. COX .....		228

### ECONOMIC DEVELOPMENT IN MAINLAND CHINA

Preliminary Estimate of the National Income of the Chinese Mainland, 1952-59 .....	T. C. LIU AND K. C. YEH .....	489
Communist China's Statistical System: 1949-57 .....	C. M. LI .....	499
The Strategy of Economic Development in Com- munist China .....	A. ECKSTEIN .....	508
Discussion by F. D. HOLZMAN, S. KLEIN, J. S. BERLINER, T. C. LIU and K. C. YEH .....		518

### ECONOMIC EDUCATION: CHALLENGE TO OUR PROFESSION

This Is Economics in the Schools .....	P. R. OLSON .....	564
This Is Economics .....	H. S. ELLIS .....	571
Economics in the High Schools: The Responsibility of the Profession .....	G. L. BACH .....	579
Discussion by S. PETERSON, E. T. WEILER .....		587

### ECONOMIC INSTABILITY IN OTHER COUNTRIES, PROBLEMS OF

Stability Problems in the Scandinavian Countries During the Postwar Period .....	E. LUNDBERG .....	378
---	-------------------	-----

Growth and Stability in the Postwar Italian Economy .....	G. H. HILDEBRAND .....	390
Growth and Stability of the Postwar Japanese Economy .....	S. TSURU .....	400
Discussion by G. ACKLEY, L. M. KOVCK .....		412
<b>FUTURES MARKETS: FRONTIERS IN UNCERTAINTY THEORY</b>		
New Concepts Concerning Futures Markets and Prices .....	H. WORKING .....	160
Systematic and Random Elements in Short-Term Price Movements .....	H. S. HOUTHAKKER .....	164
Common Elements in Futures Markets for Commodities and Bonds .....	P. H. COOTNER .....	173
Discussion by R. P. MACK, M. J. BRENNAN, M. NERLOVE .....		184
<b>THE GENERAL THEORY</b>		
<i>The General Theory</i> , after Twenty-five Years .....	H. G. JOHNSON .....	1
Discussion by D. McC. WRIGHT, A. P. LERNER, L. R. KLEIN .....		18
<b>INCOME DISTRIBUTION, MACROECONOMIC THEORIES OF</b>		
Real Versus Price Theories of Distribution .....	S. WEINTRAUB .....	62
Effects upon the Distribution of Income of a Tight Money Policy .....	O. BROWNLEE AND A. CONRAD .....	74
Discussion by R. W. OZANNE, B. P. PESEK .....		86
<b>MANAGERIAL ECONOMICS: A NEW FRONTIER?</b>		
The Current State of Managerial Economics .....	W. W. COOPER .....	131
What Can Economic Theory Contribute to Managerial Economics? .....	W. J. BAUMOL .....	142
What Can Managerial Economics Contribute to Economic Theory? .....	C. J. HITCH AND R. N. MCKEAN .....	147
Discussion by J. MARGOLIS, F. MODIGLIANI .....		155
<b>MONETARY THEORY: NEW AND OLD LOOKS</b>		
Money, Capital, and Other Stores of Value .....	J. TOBIN .....	26
Our Knowledge of Monetary Policy .....	J. H. KAREKEN .....	38
Some Major Problems in Monetary Theory .....	K. BRUNNER .....	47
Discussion by T. MAYER, R. A. MUSGRAVE .....		57
<b>MORAL AND SOCIAL RESPONSIBILITY, THE INFLUENCE OF, ON ECONOMIC BEHAVIOR</b>		
The Influence of Ethical and Social Responsibilities on Advertising and Selling Practices .....	C. E. WARNE .....	527
The Social and Moral Responsibilities of the Executive in the Large Corporation .....	E. DALE .....	540
The Influence of Moral and Social Responsibility on Selling Consumer Credit .....	A. W. TROELSTRUP .....	549
Discussion by H. M. TEAF, JR., R. T. BYE, D. M. KEEZER .....		558
<b>NATIONAL SECURITY, ECONOMICS AND</b>		
The Propensity to Reduce the National Debt Out of Defense Savings .....	E. BENOIT .....	455
The Importance of Individual Industries for Defense Planning .....	D. V. T. BEAR AND P. G. CLARK .....	460
Strategy for Active Defense .....	T. READ .....	465
The Crude Analysis of Strategic Choices .....	D. ELLSBERG .....	472

Mechanics of Some Limited Disarmament Measures .....	A. R. FERGUSON .....	479
<b>PUBLIC UTILITIES AND TRANSPORTATION</b>		
Fully Distributed Costs in Utility Rate Making ..	J. C. BONBRIGHT .....	305
The Evaluation of Statistical Costing Techniques as Applied in the Transportation Industry .....	J. R. MEYER AND G. KRAFT ..	313
Discussion by H. T. KOPLIN, D. MARX, JR., R. A. TYBOUT .....		335
<b>URBAN PROBLEMS, ECONOMIC ANALYSIS OF</b>		
Intra-Urban Location Problems: An Evaluation ..	C. M. TIEBOUT .....	271
Contrasts in Agglomeration: New York and Pittsburgh .....	B. CHINITZ .....	279
Economic Questions in Urban Redevelopment ...	L. WINNICK .....	290
Discussion by B. R. BERMAN, B. HARRIS, I. MORRISSETT .....		299
<b>WHEAT: A PERMANENT NEED FOR A FARM PROGRAM?</b>		
Wheat and Farm Policy .....	J. A. SCHNITTKER .....	341
The Problem Multiplying Effects of Special Wheat Programs .....	H. C. FARNSWORTH .....	353
Discussion by J. H. CRAVEN, L. E. FOURAKER, C. A. HICKMAN .....		371

# CONTRIBUTORS:

Leading articles are marked (a); communications (c); papers read at the annual meeting, published in the Papers and Proceedings, separately paged, are marked (p); review articles (r); and all others are book reviews.

- |                                       |                                     |
|---------------------------------------|-------------------------------------|
| Ackley, G. 412 (p)                    | Cartwright, P. W. 1056              |
| Adelman, M. A. 236 (p)                | Castle, E. N. 1117                  |
| Alchian, A. A. 157                    | Chamberlain, N. W. 475              |
| Alexander, R. J. 230                  | Cheit, E. F. 1126                   |
| Ames, E. 178, 370 (c)                 | Chenery, H. B. 18 (a)               |
| Aubrey, H. G. 461                     | Chiang, A. C. 192                   |
| Avakumovic, I. 153                    | Chinitz, B. 279 (p)                 |
| Bach, G. L. 579 (p), 52 (a), 1042 (c) | Christenson, C. L. 671              |
| Baerncopf, D. A. 1075                 | Clark, P. G. 460 (p)                |
| Balassa, B. 394 (c)                   | Clemence, R. V. 385 (c)             |
| Baratz, M. S. 224                     | Clement, M. O. 1069                 |
| Barkin, S. 1118                       | Clower, R. 701                      |
| Barnett, H. J. 681                    | Coats, A. W. 169, 624 (a)           |
| Basch, A. 181                         | Cohen, J. B. 268 (p)                |
| Bator, F. M. 121 (p), 749             | Collins, N. R. 986 (a)              |
| Baumol, W. J. 142 (p), 409            | Conrad, A. 74 (p)                   |
| Bear, D. V. T. 460 (p)                | Conway, L. V. 458                   |
| Becker, A. S. 726                     | Coontz, S. H. 779                   |
| Bell, J. F. 427                       | Cooper, W. W. 131 (p)               |
| Benishay, H. 81 (a)                   | Cootner, P. H. 173 (p)              |
| Benoit, E. 455 (p)                    | Cox, R. 232 (p)                     |
| Berg, E. J. 1124                      | Cranmer, H. J. 1076                 |
| Berliner, J. S. 523 (p)               | Craven, J. H. 371 (p)               |
| Berman, B. R. 299 (p)                 | Dale, E. 540 (p)                    |
| Bernhard, R. C. 1046                  | Dalton, J. H. 222                   |
| Bernstein, E. M. 439 (p)              | Darcy, R. L. 676                    |
| Bernstein, I. 237                     | Darling, P. G. 203                  |
| Beza, S. T. 381 (c)                   | Davis, R. G. 141 (c)                |
| Bilkey, W. J. 228 (p)                 | De Forest, J. D. 216, 438, 445, 717 |
| Bishop, R. L. 674                     | Demsetz, H. 685                     |
| Bloom, C. C. 431                      | Dewey, D. 255 (p)                   |
| Bonbright, J. C. 305 (p)              | Dillard, D. 423                     |
| Bornstein, M. 117 (c)                 | Dimock, M. E. 1091                  |
| Bosse, L. 199                         | Dobb, M. H. 446                     |
| Boulding, K. E. 168                   | Domar, E. D. 1062                   |
| Bowen, W. G. 141 (c)                  | Due, J. F. 746                      |
| Brazer, H. E. 751                     | Eason, W. W. 196                    |
| Break, G. F. 208                      | Easterlin, R. A. 869 (a)            |
| Brennan, M. J. 187 (p)                | Eckaus, R. S. 183                   |
| Brimmer, A. F. 1100                   | Eckstein, A. 508 (p)                |
| Bronfenbrenner, M. 413, 1094          | Eckstein, O. 92 (p), 472            |
| Brownlee, O. 74 (p)                   | Edwards, E. O. 218                  |
| Brunner, K. 47 (p)                    | Elliott, J. R. 139 (c)              |
| Budd, E. C. 704                       | Ellis, H. S. 571 (p)                |
| Burtie, J. 447 (p)                    | Ellsberg, D. 420, 472 (p)           |
| Butler, S. E. 155                     | Ellsworth, P. T. 210                |
| Bye, R. T. 560 (p)                    | Farnsworth, H. C. 353 (p)           |
| Carson, D. 1039 (c)                   | Feder, E. 474                       |
|                                       | Fei, J. C. H. 533 (a)               |

- Fels, E. M. 1112  
 Fels, R. 1044 (c)  
 Ferguson, A. R. 479 (p)  
 Fiesler, B. J. 126 (c)  
 Fitch, L. C. 187  
 Flumiani, C. M. 214  
 Foa, B. 451  
 Fouraker, L. E. 373 (p)  
 Friedman, M. 1051  
 Froehlich, W. 1068  
 Furth, J. H. 430 (p)  
 Galenson, W. 233  
 Garnsey, M. E. 724  
 Garvy, G. 1096  
 Gerry, F. W. 153  
 Gibson, R. 730  
 Gillim, M. H. 466  
 Goldberg, J. P. 480  
 Goldberger, A. S. 436  
 Goodrich, C. 706  
 Gordman, H. S. 742  
 Gordon, M. S. 482  
 Gordon, R. A. 937 (a)  
 Gorter, W. 760  
 Grampp, W. D. 170  
 Gray, H. M. 225  
 Griliches, Z. 127 (p)  
 Grosschmid, G. 777  
 Grunwald, J. 1078  
 Guttentag, J. M. 275 (a)  
 Haber, W. 485  
 Hagen, E. E. 435  
 Hansen, W. L. 299 (a)  
 Harris, B. 301 (p)  
 Harriass, C. L. 205  
 Harshbarger, R. B. 144 (c)  
 Hart, D. J. 1113  
 Hauptmann, J. 460  
 Heck, V. C. 1074  
 Hein, J. 1085  
 Hendry, J. B. 469  
 Herschman, O. 1109  
 Hickman, C. A. 375 (p)  
 Hildebrand, G. H. 173, 390 (p)  
 Hines, H. H. 425  
 Hines, L. G. 1116  
 Hirschleifer, J. 112 (p)  
 Hitch, C. J. 147 (p)  
 Holesovsky, V. 325 (a)  
 Holton, R. H. 206 (p)  
 Holubnychy, V. 1093  
 Holzman, F. D. 518 (p)  
 Hood, W. C. 687  
 Hoselitz, B. F. 175  
 Houthakker, H. S. 164 (p)  
 Howe, C. W. 720  
 Hughes, J. R. T. 1087  
 Huizenga, C. J. 52 (a), 1042 (c)  
 Humphrey, D. D. 757  
 Hurwicz, L. 414  
 Johnson, H. G. 1 (p)  
 Johnston, B. F. 566 (a)  
 Judy, R. W. 193  
 Kahan, A. 176  
 Kareken, J. H. 38 (p)  
 Kaser, M. C. 220  
 Keezer, D. M. 562 (p)  
 Kemp, B. A. 767  
 Kendrick, J. W. 102 (p), 430  
 Kenen, P. B. 450 (p)  
 Kennedy, V. D. 776  
 Kershaw, J. A. 150  
 Keyes, L. S. 643 (c)  
 Klein, L. R. 23 (p)  
 Klein, S. 521 (p)  
 Knopf, K. A. 1047  
 Kopf, D. H. 141 (c)  
 Koplin, H. T. 335 (p)  
 Koyck, L. M. 414 (p)  
 Kraft, G. 313 (p)  
 Kreinin, M. E. 310 (a), 388 (c), 1107  
 Kuh, E. 164  
 Lampman, R. J. 695  
 Lary, H. B. 417 (p)  
 Lawson, E. W. 484, 1102  
 Lebergott, S. 773  
 Leibenstein, H. 171  
 Lengyel, E. 440  
 Lerner, A. P. 20 (p)  
 Li, C. M. 499 (p)  
 Lindholm, R. W. 781  
 Liu, T. C. 489, 525 (p)  
 Lowe, A. 151  
 Lundberg, E. 378 (p)  
 Machlup, F. 1058  
 Mack, R. P. 184 (p)  
 Macy, C. W. 1105  
 Maher, J. E. 1049  
 Mann, F. K. 1106  
 Marcus, E. 713  
 Margolis, J. 155 (p)  
 Marx, D., Jr. 337 (p)  
 Mattersdorff, G. H. 467  
 Matthews, C. A. 741  
 Mattila, J. M. 763  
 Mayer, R. W. 1115  
 Mayer, T. 57 (p)  
 McKean, R. N. 147 (p)  
 McKie, J. W. 263 (p)  
 Mead, W. J. 771  
 Meier, G. M. 715  
 Meier, P. J. 454  
 Mellon, W. G. 614 (a)  
 Mellor, J. W. 566 (a)  
 Mendershausen, H. 728  
 Messing, J. K. 679  
 Meyer, J. R. 313 (p)  
 Miller, H. L., Jr. 456



- Mishan, E. J. 594 (a)  
 Modigliani, F. 156 (p)  
 Morgenstern, O. 406  
 Morrisett, I. 302 (p)  
 Mundell, R. A. 657 (c)  
 Musgrave, R. A. 59 (p)  
 Myers, M. G. 442  
 Nerlove, M. 190 (p), 402  
 Novak, G. J. 710  
 Ogren, K. E. 213 (p)  
 Olson, P. R. 564 (p)  
 Orr, D. 614 (a)  
 Ozanne, R. W. 86 (p)  
 Patinkin, D. 95 (r)  
 Patterson, G. 381 (c)  
 Pechman, J. A. 198  
 Pesek, B. P. 88 (p)  
 Peterson, S. 587 (p)  
 Petshek, K. R. 1120  
 Pfouts, R. W. 161  
 Phelps, E. 638 (c)  
 Phillips, A. 245 (p)  
 Pierce, A. E. 1089  
 Plantz, D. V. 408  
 Poole, K. E. 744  
 Power, J. H. 761  
 Preston, L. E. 986 (a)  
 Ranis, G. 533 (a)  
 Ratchford, B. U. 748  
 Read, T. 465 (p)  
 Reder, M. W. 688  
 Reid, M. G. 163  
 Rhomberg, R. R. 213  
 Ritter, L. S. 736  
 Roberts, M. 1129  
 Robinson, J. 360 (r)  
 Rockwood, G. E. 144 (c)  
 Roose, K. D. 428  
 Rosen, G. 731  
 Rosenbaum, E. 235  
 Rothwell, K. J. 216  
 Ruderman, A. P. 189  
 Sawyer, J. E. 227  
 Schenker, E. 769  
 Schnittker, J. A. 341 (p)  
 Schoeffler, S. 1071  
 Schultz, T. W. 1 (a), 1035 (c)  
 Scitovsky, T. 137 (c)  
 Sethur, F. 453  
 Shaffer, H. G. 708, 1026 (c)  
 Shaw, F. 234, 433  
 Sheahan, J. 345 (a)  
 Sheridan, R. B. 200, 1086  
 Shister, J. 232  
 Shoul, B. 1082  
 Slesinger, R. E. 264 (p)  
 Slighon, R. L. 463  
 Smith, C. A. 417  
 Smith, V. E. 159  
 Smith, V. L. 124 (p)  
 Solterer, J. 398  
 Soanovy, T. 186  
 Spiegelglas, S. 753  
 Spulber, N. 184  
 Staley, C. E. 722  
 Stein, J. L. 1012 (a)  
 Steiner, P. O. 471  
 Stelzer, I. M. 765  
 Stigler, G. J. 426  
 Stockfish; J. A. 1064  
 Sufrin, S. C. 775  
 Sumberg, T. A. 1080  
 Sweezy, A. R. 737  
 Tamagna, F. M. 739  
 Tarshis, L. 958 (a)  
 Teaf, H. M., Jr. 558 (p)  
 Telser, L. G. 194 (p)  
 Thorner, D. 446  
 Tiebout, C. M. 271 (p)  
 Tobin, J. 26 (p)  
 Triantis, S. G. 1066  
 Troelstrup, A. W. 549 (p)  
 Tsiang, S. C. 912 (a)  
 Tsuru, S. 400 (p)  
 Tybout, R. A. 338 (p)  
 Ulmer, M. J. 404  
 Uzawa, H. 190  
 Vanek, J. 452 (p)  
 Varma, R. 734  
 Vickrey, W. 132 (c)  
 Villard, H. H. 123 (c)  
 Wagner, H. M. 697  
 Wald, H. P. 1103  
 Warne, C. E. 527 (p)  
 Wasowski, S. 421  
 Waugh, F. V. 213 (p)  
 Weatherford, W. D. 180  
 Weckstein, R. S. 1072  
 Weiler, E. T. 589 (p)  
 Weintraub, S. 62 (p), 699  
 Weisbrod, B. A. 126 (c)  
 Welk, W. G. 202  
 Weston, J. L. 1098  
 Whitin, T. M. 160  
 Whitney, S. N. 147 (c), 222  
 Winnick, L. 290 (p)  
 Wolfson, T. 1127  
 Woodley, W. J. R. 1111  
 Working, H. 160 (p)  
 Wright, D. McC. 18 (p), 441, 702  
 Yance, J. V. 392 (c)  
 Yeh, K. C. 489 (p), 525  
 Yordon, W. J., Jr. 390 (c)  
 Yotopoulos, P. A. 665 (c)  
 Zingler, E. K. 229  
 Zupnick, E. 756